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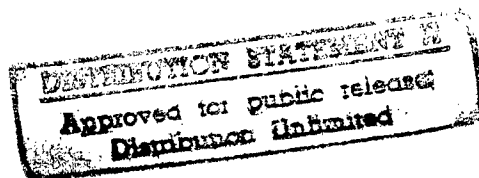
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EXCERPTS FROM "INTERNATIONAL DIVISION OF LABOR IN THE SOCIALIST
WORLD SYSTEM"

(Czechoslovakia)



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FOREWORD

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EXCERPTS FROM "INTERNATIONAL DIVISION OF LABOR IN THE SOCIALIST
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(Czechoslovakia)

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The socialist world system is an entirely new category in the economic development of society. Just as new socialist production relationships among nations have been created in the USSR and are being created in those people's democratic countries that are inhabited by several nations, this process has now also included production relationships among nations with their own sovereign states. And so the essence of the socialist world system lies in the fact that the economic relationships being formed between the USSR and the people's democratic countries represent the socialist production relationships of fraternal cooperation and mutual aid of whole nations freed from exploitation.

The socialist world system is therefore one of socialist production relationships that also includes the interrelated national economies of a number of countries. Each socialist country has its own economic basis. The socialist world system is one that comprises the sum of the economic bases of the various socialist countries. But it is more than the mere sum of these bases. It is the new social and economic basis of the whole socialist camp.

The socialist world market is one of the manifestations of the origin and development of the socialist world system. The production relationships which in their totality form the socialist world system

originate in the sphere of production and also determine the forms of circulation. These socialist production relationships are based upon the production unification of the countries of the socialist camp and the new socialist division of labor that they are developing and intensifying at the same time. And the socialist international division of labor is one of the most important characteristics of the socialist world system; it is being developed directly in the sphere of production and passing into the sphere of circulation in the form of the socialist world market.

It is precisely because it is the category of circulation and a phenomenon appearing on the surface of economic activity that the origin of the socialist world market was discovered and recognized before that of the socialist world system itself, which is the category of production. But the socialist world market is only a part of the world system of socialist production relationships. It is one of the forms of economic association of the countries of the socialist camp--that is, an association based upon commodity and monetary relations among the socialist countries and growing out of their association and cooperation in production.

And so the socialist world market is a manifestation of socialist international division of labor, which is the highest stage so far achieved in the entire history of the development of social division of labor.

The development of productive forces, based on technical progress, consists primarily of the progressive differentiation of tools of production, which in turn permits an increasingly great differentiation of both the production branches that produce these tools and those in which these tools are used for production. This differentiation of the various branches of social production is the purport of the process of intensification of the social division of labor, which, therefore, is a developmental form of the movement of society's productive forces.

The differentiation of productive branches results in an increasing specialization of production fields within newly arising branches and of various enterprises and their production equipment. And so specialization is the basis of large-scale production, making transition to serial production possible, which reduces the requirement of social labor per production unit, increases labor productivity and lowers production operating costs.

The growing specialization of production branches and of the various enterprises disrupts the social production process, and it disrupts it both spatially, into various separate and far-removed enterprises, and temporally, since specialized enterprises put out the various semi-finished goods, materials and parts of which finished

products are made in other enterprises at different times. Consequently this production specialization must be implemented with continually extended production cooperation connecting the differentiated branches and enterprises that are dependent upon each other for production and marketing and supplementing each other in stages up to the final output of products for industrial or personal consumption in an interrelated component of a unified social production process.

Specialization and cooperation accordingly constitute two aspects of the dialectical process of the social division of labor. They function in turn as stimuli for technical progress: they power the development of productive forces, for which they themselves were developed, and they continually increase their social character and raise the level of socialized labor.

Production cooperation in the sphere of circulation appears in the form of exchange where there is commodity production, which itself is based upon the social division of labor. The relationships arising among people in production accordingly take the form of commercial relationships, so that the volume of trade is inevitably bound up with the gradual specialization of social labor. And since specialization is continually intensified on the basis of technical progress along with the development of the division of labor, it also results in the continual growth of the market.

The foreign market is formed and developed in mutual dependence upon the growth of the domestic market, for along with the development of productive forces, the intensification of the social division of labor does not stop at the borders of individual countries but crosses them and gives rise to the production coordination and cooperation of many countries. International division of labor expands this way, and it is implemented in the sphere of circulation by foreign trade.

At a certain stage in its development, therefore, the further growth of every country's production becomes dependent upon its participation in the international division of labor. The level of this inclusion depends upon a number of specific conditions: its natural resources or shortages, the size of its population, the size of its domestic market and production, the extent of its differentiation, and many other factors. But it can be said in general that the more economically developed a country is the more goods it exports, but also the more it imports too.

What is the significance of this fact today for any country that wants to maintain or achieve the highest contemporary level of productive forces? The latter is characterized by large-scale expansion of mechanization, transition to overall mechanization and on that basis to automatization of production as well as use of atomic energy for

purposes of peaceful production. But these modern techniques and progressive technology cannot be introduced under any conditions whatever. The great outlays involved must not be wasted but bring a definite increase in labor productivity and a reduction in production operating costs.

To make the use of modern techniques and progressive technology profitable and productive of a tangible saving of social labor, in addition at least such a volume of production must be secured [zajistit] as to reach the so-called profitable limit. This limit is determined by a definite, minimum production volume, different for every field of production, without which technical progress is unprofitable. And, depending upon the development of productive forces, this profitable limit constantly advances toward an ever greater volume of production.

And so technical progress, and accordingly increased social-labor productivity, in the overall production volume and its profitability are inseparably bound up with increased serial production. But this can be achieved only by intensified specialization of production. And intensification of specialization in itself means expanded production cooperation. And so attainment of the highest level of productive forces and steady advance along with technical progress is possible only through expansion of production cooperation on an international scale—that is, through further intensification of international division of labor.

The increasingly rapid intensification of the international division of labor is an objective process as the direct expression of the development of productive forces and was developed to meet its requirements—that is, without regard to whether the objective of given production is profit or the greatest possible satisfaction of the material and cultural needs of the workers. And so it is the process objectively required by the needs of technical progress and the social nature of production. It results from the constantly rising level of socialization of modern productive forces.

But the peculiar scope of this process, its forms and its results, are decisively and also objectively determined by that system of international relationships within which the international division of labor is implemented. It is production relationships that determine the aim of production and the purpose for which productive forces are developed, and consequently the purpose of intensification of international division of labor, its orientation and the international relationships that are formed on the basis of it.

And so when we speak of the need of continual intensification of international division of labor, it is no political premise or subjective notion. It is recognition of the objective, regular process of the

economic development of society. Its regular laws are determined by the development of productive forces and by the action of the economic laws of both capitalism and socialism. This of course also determines the whole difference in the international division of labor as practiced in each of the two world economic systems.

We often meet with the view that the essence of international division of labor is on the whole a saving of time without regard to what mode of production it is accomplished in. This view is incorrect; it is unhistorical, and it overlooks the main fact that international division of labor is determined by production relationships. The law of economy of time is a general economic law operative in all socio-economic formations, and it is accordingly fundamental to the process of international division of labor and social division of labor in general. But the reason international division of labor is effected on the basis of the operation of the general law of the economy of time in the individual modes of production is determined by the particular production relationships and the specific economic laws for the particular mode of production.

The modern world economy is of a mixed, transitional character. Since the victory of the Great October Socialist Revolution a shift has been taking place on a world-wide scale from the capitalist mode of production to the socialist one, a process of transition from the capitalist socio-economic formation to the Communist socio-economic one. The modern world economy is accordingly composed of two antithetical world economic systems, the socialist and capitalist ones, the essential differences between the mature capitalist countries and the so-called economically underdeveloped countries having taken distinct form as the very result of the capitalist international division of labor.

Because, then, as I have mentioned above, the nature and form of international division of labor is determined by those production relationships within which it is implemented, today one cannot speak of international division of labor in general but must distinguish: a) capitalist international division of labor; that is, the one effected in the capitalist world system; b) socialist international division of labor; that is, the one effected in the socialist world system; and c) international division of labor effected among countries of both world economic systems.

The economic laws of socialism and capitalism operate side by side and conflict during the transition from capitalism to socialism in a country, while the political superstructure, the dictatorship of the proletariat, intervenes decisively in favor of socialist development. To carry this analogy to a world-wide scale, it follows from this that while the economic laws of either socialism or capitalism are operative

in the various countries, it is already possible entirely to disregard the operation of the economic laws of capitalism in today's countries of the socialist camp, while in their reciprocal relations the economic laws of both these modes of production conflict in their operation. But meanwhile the dictatorship of the proletariat prevails only in some countries while the dictatorship of the bourgeoisie prevails in others, or sometimes the dictatorship of the strongest capitalist monopolies directly. And so even if the dictatorship of the proletariat cannot operate decisively in favor of socialist development as it does in the transitional period in a country, it nevertheless intervenes here, for an important part is also played by political factors in the development of economic relations among countries of both systems. They are primarily the socialist countries' foreign policy and the weight of the workers' movement in the capitalist countries.

But it is primarily because of the growth of the socialist world system and the economic capacity of the socialist camp as a whole that economic relations and the international division of labor among the countries of both systems are being increasingly affected by the operation of the economic laws of socialism. What do I mean by this? I mean the development of the international division of labor to the advantage of all the participating countries on a basis of complete equality, mutual advantage and respect for national sovereignty, as well as mutual aid and truly disinterested help from the stronger to the weaker. For when economic relations between a given capitalist country and a given socialist one are once established on these grounds, which are an expression of socialist production relationships and are quite antithetical to capitalist to capitalist production relationships, then it can be stated that the operation of the economic laws of socialism already prevail in these relations and those of capitalism have been relegated to the background.

And in regard to specific changes in the international division of labor among the countries of both systems, which are reflected in changes of the commodity structure and the overall volume of their reciprocal foreign trade, the current changes in the structure and volume of the various socialist countries' production are playing an increasingly large part alongside political factors, such as the policy of discrimination and embargo maintained by the governments of certain capitalist countries. These changes result from socialist industrialization and construction of the material production bases of socialism and communism in the countries of the socialist camp and are making fundamental changes in the position of these countries in the world division of labor, for they have already changed from agrarian and raw-material appendages of the imperialist countries, or in some cases from their weaker partners or competitors in the world capitalist market who had a one-sided development, into developed industrial or industrial-agrarian countries supplying increasingly large quantities of processed industrial products, machinery and production equipment even to the capitalist world market.

And now let us comment upon the international division of labor in the socialist world system. Today the rate of development of each individual socialist country's national economy is becoming more and more a part of the expanded reproduction of the whole socialist world system and its uniform material production bases, with both the place occupied by a given country, or the place it could and should occupy in this system and in its social, material production base, and its present and future participation in the world economy playing their parts.

And so there is a dialectical interdependence between the rates of expanded reproduction in the whole socialist camp and those in the individual socialist countries. Socialist international division of labor is what makes their coordination possible and consolidates them.

There is a certain objective optimum rate of development of the various production branches for expanded reproduction in the socialist world system at each and every stage of its development. What determines these rates? They are based upon the particular level and structure of production in each socialist country and its particular position in the system of international division of labor. The branches then plan their economic development for the future so as to secure an even and as rapid a growth as possible of production and social labor both in the socialist camp as a whole and in every individual country in it. And reproduction must be expanded evenly, without stoppage or discrepancies, and uniformly, with strict observance of these optimum rates.

But how can these optimum rates be secured? They can be secured only by planning, which is in keeping with the nature of socialist production relationships. The rates of expanded socialist reproduction are secured by planning based upon socialist ownership of production means and the resulting production by the whole people, since uniform ownership by the whole people, which takes the form of state ownership under socialism and in the period of transition from capitalism to socialism, makes this planning universal. This of course presupposes that society as the collective owner of production means also performs its economic function collectively; that is, through the state organs that plan the expanded-reproduction rates centrally and direct the practical securing of these rates centrally within the particular socialist country (through planned social division of labor) and outside it (through planned international division of labor).

Society can therefore maintain the objective expanded-reproduction rates conscientiously only when ownership by the whole people prevails in it (that is, not in the legal but in the economic sense of monopolistic control of production means and of labor) and when the social organs are formed to determine optimum rates of expanded socialist reproduction at each particular stage on the basis of knowledge derived

from collective reasoning, to express these rates uniformly in the form of the state people's economic plan and to also direct and control their uniform implementation. Under socialism such organs can only be organs of the socialist state.

But when there is deviation in a country from ownership by the whole people to mere group ownership (again we mean ownership in the economic sense), social division of labor cannot be implemented in the whole national economy by planning, and the expanded-reproduction rates are regulated spontaneously by the law of value. And for these reasons such a country, even with the best subjective intentions of its leaders, could participate in the planned system of socialist international division of labor, which derives directly from the laws of the development of the socialist world system.

And so the economic relationships among the countries of the socialist camp are of a planned character because of the prevalence in the economy of each of them of state ownership by the whole people, from which develops the law of planned development. And planning is also one of the most important characteristics of socialist international division of labor.

But there is commodity production in every country of the socialist camp, and furthermore the sovereign socialist states, which are owners of the production means and exclusive owners of all products exchanged through foreign trade, are equal partners in their reciprocal economic relationships and consequently also in the implementation of socialist international division of labor. That is why the law of value also operates in these relationships.

Accordingly socialist international division of labor is a regular, objective process deriving from the very nature of the socialist world system, and we can define it something like this: socialist international division of labor is the planned development of objectively determined optimum rates of expanded reproduction in the socialist world system as a whole and in its unified material production base by use of the law of value and value categories on the basis of the most effective use of all the natural and economic conditions of the various socialist countries.

It is readily apparent that in the few years of the socialist world system's existence, socialist division of labor has not yet quite developed to this point, and that we have not yet achieved planned development of optimum rates with perfect use of the law of value. But the definition we have tried to formulate is a theoretical expression of fully developed socialist international division of labor. And this full development of it is what the people of all countries of the socialist camp must now strive for in common.

Of course there is a difference between the forms of planned securing of optimum rates of expanded socialist reproduction in a single socialist country and in the socialist camp as a whole.

Within a socialist country a socialist state has, within the limits of its ownership, unlimited control over production means and affects by its planning the control of production means in the co-operatives by use of the law of value. It therefore plans the rate of development of the national economy centrally and directs its implementation. It is the expression of the united collective will of the particular society.

On the other hand, in the socialist camp where the sovereign socialist states are equal partners, the optimum rates of international division of labor must be recognized by the "collective reasoning" of the peoples of all socialist countries and can be obtained only by agreement among the socialist states. But this can be achieved solely on condition that these agreements represent common ways to the achievement of common goals.

That is why the Council of Mutual Economic Aid cannot be any organ to direct and make unified plans for international division of labor among the member countries. It can only be an organ for the voluntary exchange of views by the governments of the sovereign socialist states on the planned implementation and intensification of socialist international division of labor.

The specific forms in which socialist international division of labor is realized reflect the various stages in the development of the socialist world system. And the development of the socialist world system takes place as a dialectical process of reciprocal influence along with the development of its material production base and the changes in the level of the production forces in the countries of the socialist camp.

Experience has shown that since the Soviet Union has changed into a mighty socialist great power and a socialist world system has been created, socialist production relationships can be formed today in every country without exception, for even in extremely backward countries that have not even reached the capitalist stage of development socialism can be built--of course only with the help of the economically developed countries of the socialist camp. And of course the socialist system can be built in economically developed countries far more rapidly yet.

But the construction of the material production base of socialism need not always precede the building of the socialist system of production relationships, as has so far been asserted largely on the basis of experience with socialist construction in the Soviet Union and certain

people's democratic countries of Europe. In the CPR, for example, the situation is the reverse, where the socialist system has practically been built, but it will be necessary to go on building its material production base through socialist industrialization for many years.

It follows from the operation of the law of harmony of production relationships with the nature of the productive forces that even after the construction of a complete system of socialist production relationships in a particular country socialist production relationships continue to develop and improve in mutual dependence upon the implementation of socialist industrialization and the development of productive forces. This dialectical process goes on in this way in each individual socialist country.

But it is different with the mutual relationship between the productive forces and production relationships in the socialist camp as a whole in its present composition if we look at it from the point of view the competition of two world economic systems; then we see a peculiar new manifestation of the conflict between productive forces and production relationships.

In view of the fact that as a result of the historical development of socialism thus far it has not prevailed, despite the original assumption of Marx and Engels, first of all in the economically most developed countries, but in countries that more or less lagged behind the highly developed capitalist countries, a conflict arose here between the most progressive and advanced system of production relationships in history--that is, the socialist world system on the one hand, and between the productive forces, which are on a lower level than in the most advanced capitalist countries on the other hand.

To assure the definitive victory of socialism over capitalism on a world-wide scale the countries of the socialist camp must surpass the most advanced capitalist ones not only in a higher type of production relationships, which has already been done, but also in a higher level of productive forces. And so it is not sufficient for this purpose to reach a higher level of productive forces in every socialist country than existed under capitalism (by no means a difficult task anyway); a higher level of productive forces must be achieved than now exists in the leading capitalist countries.

Therefore the only way to resolve the said conflict is the basic economic task--to catch up with the most advanced capitalist countries and surpass them in production per citizen. The basic economic task therefore has to do not only with the Soviet Union but all the countries comprising the socialist camp. But this cannot be accomplished by the individual people's democratic countries by themselves, but only by a joint effort depending upon the foremost socialist great power, the

Soviet Union. The planned implementation of socialist international division of labor is the chief means of this joint performance of the basic economic task of the countries of the socialist camp.

Since the formation of the socialist world system we can thus far distinguish two stages in the development of mutual economic relations and the socialist international division of labor among the countries of the socialist camp. These stages are distinguished according to what forms prevail in them of securing objective rates of expanded reproduction in the socialist world system as a whole and its uniform material production base.

In the first stage, roughly from 1949 to 1955, the form of indirect securing of these rates through foreign trade prevailed (especially through bilateral long-term trade agreements)--that is, through the sphere of circulation. By the second stage, which began in 1955, the higher form of planned securing of these rates directly in the sphere of production was predominant--that is, primarily through multilateral agreements on division of the production programs and coordination of national economic plans concluded by the governments of the countries belonging to the Council of Mutual Economic Aid.

Most of the people's democratic countries inherited a relatively low standard of productive forces. Socialist industrialization with emphasis upon construction of heavy industry is the only way to eliminate economic backwardness quickly and permanently and develop productive forces, as well as to secure the country's defense. The people's democratic countries of Europe adopted this measure in their first long-term plans.

Moreover, the socialist camp was faced with a real threat of a new world war in the years 1950-51, so that all our countries resorted in 1951 to a substantial increase in the requirements of their national economic plans--that is, in the direction of a considerable acceleration of the development of heavy industry and corresponding increase of investment construction.

By that time the socialist world system was so consolidated, however, that an objective need arose of coordinating this great effort, especially in view of such a great increase in the planned tasks of all our countries. But this did not come about. Each of the people's democratic countries of Europe planned their own new tasks separately again, often without adequate consideration of their own capacities and the use of socialist international division of labor.

As a result, a number of serious and essentially comparable discrepancies in the economies of all the people's democratic countries of Europe arose or were aggravated, chiefly those between industry and

agriculture; between the processing industry, especially construction, and its raw-material, fuel and power base; between heavy and light industry; and as a result of all this there was also the discrepancy between the population's income and outlays.

If we look for a common cause of these common discrepancies we can find it, in my opinion, in the inadequate level of planning and administration of the national economy due to inadequate knowledge of the laws of the development of the socialist world system, the inadequate use of the advantages and potentials of socialist international division of labor and from the gnoseological point of view, subjectivism.

All these deficiencies have been reflected in the economic policy of our countries in deviation from its quite correct purpose, which was incorrectly termed the autarchy policy, incorrectly because there was no actual autarchy, which is one of the reflections of the uneven development of capitalism and the conflicts of its imperialist stage, and because it did not aim at self-sufficiency in all production branches but only in heavy-industry branches. On the contrary, it resulted in intensification of the dependence of more or less all the people's democracies of Europe in a number of production fields, especially agricultural production.

But what was the origin of this so-called political autarchy?

Its chief source, in my opinion, was disregard of the specific conditions of the construction of socialism in the various countries. The declaration of the communist and workers' parties of the socialist countries of 14-16 November 1957 very properly stressed and specified the main laws of socialist revolution and the construction of socialism that apply to all countries that have taken the path of socialist development. They include such basic laws as the dictatorship of the proletariat, the union of the working class with the basic mass of farmers and other working strata, liquidation of capitalist ownership and introduction of social ownership of the main production means, gradual socialization of agriculture, and planned development of the national economy for constructing socialism and communism and raising the living standard of the workers. But at the same time the declaration also emphasized the need of creative use of the common bases of socialist revolution and socialist construction in relation to the concrete historical conditions of each country, and the inadmissability of mechanical imitation of the policies and tactics of the communist parties of other countries.

And the so-called policy of autarchy was based on just such mechanical imitation. It was a case of dogmatic generalization of socialist industrialization as a single, permanent method and the mechanical use of the Soviet method of socialist industrialization in every people's democratic country regardless of the specific economic and historical conditions under which it was approaching the building of socialism.

This was manifested in all the European people's democracies (except Albania) in the effort to achieve the same industrial structure as the USSR had built, which represents the so-called complete industrial system, comprising all branches of industry and fields of production, and it is based upon a considerable priority of heavy over light industry.

The USSR, as the first country building socialism, and that too within a complete capitalist encirclement, had to form an entirely closed national economy, completely independent of the world economy represented at the time by the capitalist world system, at an accelerated pace, under the particular historical conditions and at the expense of the living standard of its people. This closed, self-sufficient economy was then dependent upon a complete industrial system.

But the USSR had all the natural and economic conditions required to form a selfsufficient economy; that is to say it occupies a vast area with great human and natural resources that enabled it to develop all industrial branches, especially all those of heavy industry.

Only an equally vast country equally rich in human and natural resources such as the CPR has such conditions for building a complete industrial system. And even so it will take about three more five-year plans to fulfill this task--that is, under far more favorable conditions than the USSR had, for it is already part of the socialist world system and consequently does not have to implement socialist industrialization solely on its own resources but receives effective aid from the other socialist countries, primarily the USSR.

But none of the other countries of the socialist camp can undertake the task of building a complete industrial system either, because they do not have the actual requirements for it. In fact, their people could not advance to the accomplishment of the socialist revolution or the construction of socialist society either without the USSR and its many-sided help, for none of them has the territory or resources to enable them to build socialism within a full capitalist encirclement.

But thanks to the rise of the socialist world system none of them has been stopped by this task either. Nevertheless every one of our countries at that time were more or less mechanically imitating the Soviet method of industrialization and its aims as though they were in a full capitalist encirclement and the huge potentials of socialist international division of labor did not exist.

The efforts to build a complete industrial system in every country meant among other things that for years there was no scientific research on the laws of expanded socialist reproduction, especially the relation

between group I and group II of social production (production of production means and production of consumer goods), and that as a result of this, at a time when there were serious discrepancies in some countries' economies they could entertain an unscientific "theory" proclaiming the necessity of giving priority to increased production of consumer goods over increased production of production means for socialism.

For the law of priority of growth of group I over group II, as Marx discovered it and--with an eye to technical advance and the resulting increase in productivity of labor--Lenin analyzed it, is a generally valid law of expanded reproduction--that is, in any mode of production. But it was formulated by abstraction from international division of labor and foreign trade. Therefore the Marxist and Leninist formulation of expanded reproduction, as they expressed it quantitatively, fully relates both to the socialist world system as a whole and to the countries that have or are building a complete industrial system and an overall closed economy depending upon it.

This was the case in the USSR, and that is why no consideration was given for such a long time to the application of the said law--until it was over. But it was not the case in the people's democratic countries, and so the mechanical application of both this theoretical proposition and the specific aim of industrialization after the example of the USSR resulted very shortly in a serious discrepancy, and for a certain period (for example in Czechoslovakia from 1951 to 1953 or in Hungary and Poland until recently), in a temporary retardation of the rise, or even in lowering of the people's standard of living.

In reaction to this outcome there was then an outcropping of non-Marxist views contesting the law of the priority growth of group I over group II and belittling the importance of following Soviet experience, from the bourgeois nationalist standpoint.

What is my view on this question of the application of the law of priority growth of group I over group II in the European people's democratic countries? In view of the limited possibilities of explanation, let me try to express it briefly as follows:

A prerequisite for expanded reproduction in every country is that from the point of view of the use of the social product the greater part of the accumulation be invested in the branches producing production means, and the lesser part of the accumulation in the branches producing consumer goods. Of course this applies as a long-term tendency and does not include temporary deviations of short duration. But it is by no means necessary--and therein, I believe, lies the basis of the contemporary confusion and disagreement, to maintain the same partition between the two groups of social production as in the distribution of the accumulation fund from the point of view of creating the social product in the various countries of the socialist camp.

In regard to the participation of a particular country in the system of international division of labor, it is nevertheless possible to exchange the products of one group of social production, which are either not produced at all in that country or are produced in insufficient quantity, for the products of the other group that are produced in that country in surplus quantities--that is, under far more favorable and more profitable conditions, and in this way to secure the more effective use of all the resources of that country and the advantages of socialist international division of labor.

It is therefore neither necessary nor right for every country to acquire larger accumulations for the branches of group I in connection with increased production in these branches, without consideration of its own actual conditions or the possibilities of the socialist world system. It is at times far more advantageous for them to use their own potentials for the greatest possible development of production in the branches of group II and to secure the production means needed for the priority development of group I by exchange for part of their production. And in the case of the other countries the reverse may be true, that is to say that it is more advantageous for them to acquire group II products, for the production of which they have less prerequisites than the other countries of the socialist camp, by means of concerted development of the group I branches and exchange of part of their produce.

It follows from this that in the application of the law of priority growth of production of production means over consumer-goods production in the European people's democratic countries, the Marxist-Leninist concept of expanded reproduction must be subjected to certain modification--that is, in accordance with the specific natural and economic conditions of the particular country at a given stage of its development and its resultant optimum participation in the system of socialist international division of labor.

This modification can be both in the direction of the greater development of group I than the concept envisages and in the direction of the greater development of group II.

To preclude any misunderstanding: even in those countries where it is advantageous to further develop the group II branches at the expense of the Marxist-Leninist concept, I consider it unconditionally necessary that the greater part of the total accumulation (whether it come from group I's own production or from exchange for group II products) be invested in the production-means branches of production, and the lesser part in the consumer-goods branches of production. The outcome then must be, that in the course of the overall, uninterrupted growth of the total volume of production in every country of the socialist camp, the proportion of production of production means, including the share of heavy industry, will be continually increasing.

I do not suppose that I could summarize this immensely complicated, contested and still controversial problem in all the socialist countries so briefly. But I have tried, on the one hand, to show the error of the usual approach to this problem so far, whereby a country's national economy is regarded as something isolated and closed and its participation in the socialist world system and its uniform material production base are overlooked, and on the other hand to provide an attempted solution of this problem on the basis of consideration of this actually existing and increasingly important factor. I hope the discussion will help make this solution more accurate.

This fundamental confusion in theory and the deficiencies in practice on which the so-called autarchy policy was based were then accompanied by still other trends of varying extent in various places. One of them was the misunderstanding of the profitability of foreign trade. As in our case, in other countries too they often undertook duplicating construction of a given field of production only because there was a momentary demand for its products, and that too not only on the socialist world market but even on only the capitalist world market, while the far more important factors determining the actual profitability of foreign trade and production, such as operating [vlastni] outlays in a particular field of production and their various components, for example procurement outlays for needed raw and other materials, the technical level of the production equipment, the production capacity and the magnitude of series and many others were not taken into consideration.

As a result of understandable initial deficiencies in planning and management of the national economy, superficial phenomena concealed the actual situation and the falsely viewed profitability concealed the actual profitability and effectiveness of the national economy and often also directly militated against it. This is also connected with the frequent neglect of problems of proportionality, especially the so important proportions, as that between accumulation and consumption, all of which contributed to hampering the actually possible rise in the people's living standard. We shall return to these questions in the part on specialization and division of production programs.

Misrepresentation of the nature of foreign trade monopoly as protectionism was also involved with the construction of production fields for which a particular country lacked the appropriate conditions either in general or at least at a given period. One of the functions of foreign trade monopoly is obviously the protection of the national economy. But beyond that there is protection from infiltrations of foreign capital and the disastrous effect of depressions and the unpredictability of the world capitalist market, as pointed out by the Textbook on Political Economy. But foreign trade monopoly cannot in any sense serve a protectionist policy aimed at artificial maintenance of fictitious profitability of low-production outputs, as has sometimes happened in past years

in our people's democratic countries. But as a result of this, technical development was hindered, the objective need of intensifying specialized production in the various countries was obscured, and consequently, to sum it up, the old relatively low level of international division of labor in the socialist camp was preserved.

In my view it can be said that all these above-mentioned inadequacies had common gnoseological roots in subjectivism. Subjectivism was the source at the time of the prevailing views on the omnipotence of the state and its planning activity, and the views on planning as an economic law. Subjectivism was the father, accordingly, of the prevailing dogmatism, but it is also the father of revisionism, and so communist and workers' parties are quite rightly developing a decisive struggle against subjectivism, for intensive scientific research of objective reality and for knowledge and the most consistent possible use of economic laws under the specific conditions of each country at a given stage in the development of the socialist world system.

In conclusion, one more trend should be mentioned that contributed to the so-called autarchy policy and, on the other hand, misrepresents the struggle against dogmatism and schematism developed after the 20th Meeting of the KSSS /Komunistická Strana Sovetského Svazu--Communist Party of the Soviet Union/, namely, the influences of petty-bourgeois ideology objectively existing as a result of the people's democratic countries' previous development.

Lenin pointed out that "the more backward the country, the stronger agricultural small production, patriarchy and provinciality are, which inevitably means that the most deep-rooted petty-bourgeois prejudices are particularly strongly and firmly maintained there; that is to say, prejudices of national egotism and limitation" (V. I. Lenin, Works, Vol. 31, page 145). The actually existing danger of nationalism is therefore a reflection of a low level of productive forces in the ideological superstructure, in which strong influences of petty-bourgeois ideology appear as a result.

The stronger the position of the petty bourgeois in a country building socialism the greater their influence can become on the working class and the more can bourgeois nationalism prevail over proletarian internationalism. Then the more powerfully can separatist tendencies toward the whole socialist camp, which appear on the national economic field in the form of efforts toward self-sufficiency and isolationism, emerge in a given country--unless there is a determined resistance to them.

But this effort would lead the particular country into error, and this self-sufficiency would be fictitious. Economic self-sufficiency is impossible for a small country at the present level of productive forces with their highly social character, and so any weakening of

reciprocal, especially economic ties and economic cooperation with the other socialist countries and mainly the USSR could have no result other than increasing the dependence of that country upon imperialist states.

Occasional efforts are also made by certain economists to use temporary price conjunctures in the case of certain export products on capitalist markets resulting in disproportionate development of foreign trade with capitalist countries at the expense of economic relations with socialist countries; they are very short-sighted in their long-term consequences and extremely dangerous.

Of course commercial relations with capitalist countries should be developed in the spirit of peaceful coexistence and economic cooperation of the two systems. But there is only one way to the favorable development of these relations: planned international division of labor among the countries of the socialist camp, strengthening the socialist world system as a whole and enabling every individual socialist country to permanently raise labor productivity and the overall volume of production and thus create continually growing commodity reserves for the development of trade with capitalist countries and the consolidation of their position for establishing commercial conditions on an equal-rights basis.

Deviation from socialist international division of labor means weakening not only the entire socialist world system but the particular country as well, and it is consequently contrary to the vital interests of every people's democratic country, which is why the communist and workers' parties of the socialist countries are waging a decisive war upon bourgeois nationalist interests and national egoist tendencies.

The errors in economic policy under the heading of the so-called autarky policy resulted not only in serious discrepancies in the national economies of the various European people's democratic countries but, through foreign trade, also partially transmitted them from one country to others. The construction of duplicating production in some countries without the actual prerequisites for it at the particular stage resulted in waste and dissipation of material and financial means, retardation of the technical level of production and the level of labor productivity interference with the rise in the living standard. Instead of eliminating the low level of international division of labor among the socialist countries, it created conditions for their economic estrangement and isolation. A manifestation of this is the temporary stagnation of reciprocal foreign trade among the European people's democratic countries that has been going on since 1954.

This is also reflected in the backwardness of the forms of reciprocal payment and financial relations based on the principle of annual bilateral settlement of payment balances. These forms played

their positive role to be sure in the first stage of the development of socialist international division of labor, but by this time they have become an obstacle to its further intensification.

Experience has shown that the so-called autarchy policy was diametrically opposed to the objective trend of development of the world economy, which V. I. Lenin had already discovered with the foresight of genius at the time when the Soviet Union was just being formed, and so still long before the origin of the socialist world system. By 1920 Lenin declared "that there is a trend toward the formation of a unified world economy as a whole, managed according to a common plan by the proletariat of all nations, a trend which had already manifested itself quite clearly under capitalism and which must be unconditionally supported and fully implemented under socialism" (V. I. Lenin, Works, Vol. 13, page 142).

The so-called autarchy policy finally placed serious obstacles in the way of accomplishing the basic economic task of the countries of the socialist camp, hampered the effort to secure an uninterrupted rise in the people's living standard, and in its attempt to achieve economic isolation, supported the separatist trend vis-a-vis the socialist camp instigated by the class enemy and the bourgeois nationalist ideology he used.

And so the communist and workers' parties and governments of the socialist camp, in the effort to eliminate past errors and deficiencies in the economic policy and the realization that with the progressive development of the socialist world system and its material production base it had become necessary to intensify the planned character of socialist international division of labor and achieve the ideals still more consistently of proletarian internationalism for the further consolidation of the socialist camp, began to advance to higher forms of planned securing of objective rates of expanded reproduction in the socialist world system as a whole--that is, directly in the sphere of production.

These higher forms are bilateral and especially multilateral agreements on the division of production programs and coordination of national economic plans, concluded among the governments of the countries of the socialist camp. They mark a new stage in their reciprocal economic relations and in the development of socialist international division of labor, which began at the turning point of the years 1955-56.

The transition to planned implementation of socialist international division of labor directly in the sphere of production also ushered in at this stage a qualitative change in foreign trade on the socialist world market. Whereas in the previous stage it created a bond in the production of the various socialist countries through exchange of goods,

it is now becoming a function of their coordinated production. Its role has become that of implementing planned production ties among nations. But at the same time it should develop in return a stimulating influence upon further intensification of specialized production and international cooperation, further integration of the socialist countries' national economies and, further economic unification of the socialist camp.

The turning-points marking the development of this new stage in the growth of socialist international division of labor were the Sixth Session of the Council of Mutual Economic Aid in December, 1955, the Seventh Session in the spring of 1956 and the Eighth Session in June 1957.

Certain parts of an agreement were first negotiated that made progress in the solution of some of the most important current problems, especially in the common elimination of a lag in the extraction of raw materials and fuels, metallurgical production and agricultural production in meeting the requirements of the economic development of the socialist camp as a whole. Then a partial delimitation was effected of production in certain fields such as trucks and passenger automobiles, tractors, combines, and other agricultural machines. This delimitation was substantially extended at the Seventh Session and negotiated specialization became the basis of the overall coordination of the national economic plans of the member countries for 1956--1960.

But the agreements concluded depended upon considerations that were too short-term to have any more substantial effect upon the member countries' future production specialization. They more or less amounted to a mere recapitulation of the plans of the individual countries devised in isolation and in some instances were insufficiently considered from the economic point of view, especially in regard to the actual possibilities of the individual countries and the economic appropriateness of the planned recommendations. This was the state of affairs by the fall of 1956.

The individual people's democratic countries had to proceed to revision of their five-year plans. They made essential changes in their investment programs and reduced their overall volume, as well as changes in the distribution of national income between accumulation and consumption. All this required both a more realistic approach to questions of division of production programs and planning coordination, and creation in advance of the required economic and organizational conditions for the further intensification of socialist international division of labor.

To secure further accelerated development of all the socialist countries so that their basic economic task can be fulfilled in a historically brief period, socialist international division of labor must be continually intensified, the deficiencies so far existing must be

eliminated, and continually improved forms of planning coordination must be created.

Accordingly, a series of important measures was adopted at the Eighth Session of the Council of Mutual Economic Aid in June 1957 which are contributing to the intensification of multilateral cooperation in devising coordinated prospective plans of the development of the national economies of all member countries up to 1975, on the basis of the most effective possible specialization of the individual countries' production programs. This is to be achieved through coordination of the work of the planning organs of the member countries, in which they can depend upon the results of the work of the standing branch committees of the Council for Economic, Scientific and Technical Cooperation.

The standing branch committees established for all the important production branches, transport, foreign trade and geology have already done a good job. They are now engaged in working out the main objectives of technical development, determining the principles of specialized production and devising specific specialization plans as well as the most advantageous and effective forms of economic cooperation among the member countries.

The next important step was the formation of the working group of the Council on Economic Questions, entrusted with the task of making overall economic analyses of the present and prospective development of the national economy of all member countries and the socialist camp as a whole, particularly from the point of view of fulfilling the basic economic task. Its job is to help place the coordinated prospective plans of the Council's member countries on a true scientific basis.

The fundamental problem of coordinating prospective plans is the most purposeful possible achievement of interrelated specialization of all the socialist countries' production programs. Production-program specialization permits elimination of purposeless duplication and reduction of superfluous assortment of products put out by the individual countries along with its substantial expansion within the framework of the socialist camp as a whole.

For this is the most important prerequisite for raising serial production above its profitability limit in each country in the case of all the main products and in this way to create potentials for disseminating the most modern techniques and technology. This is the fundamental way to increase the productivity of social labor quickly and permanently, to lower production operating costs, to raise the profitability of production and foreign trade, and to substantially expand reciprocal exchange of goods. In this way every socialist country,

through the most purposeful use of all its resources, can achieve the maximum effectiveness of its national economy as an integral part of the economy of the entire socialist camp developing as a whole.

Attainment of this highest development of socialist international division of labor so far achieved requires further intensification of the activity of the Council of Mutual Economic Aid in coordination and delimitation operations. How do I think this intensification of its activity should be directed?

As I have mentioned above, at the present time the rates of expanded reproduction in each of the socialist countries are being increasingly determined as a component of the expanded reproduction of the socialist world system as a whole and its unified material production base, and so every socialist country has to determine its production rate from the point of view of the international division of labor in the socialist camp as a whole.

In view of this it would be entirely incorrect and ineffective to approach coordination of the national economic plans of the Council's member countries as it has been done so far; that is, for each country to devise its own prospective plan in isolation, even if on the basis of the materials compiled by the Council's permanent Commission, and only then coordinate it with the other countries' plans. That is why I stress the fact that there are still defenders of such a practice. But such an approach is no longer possible today.

Coordinated prospective plans can guide the development of the member countries' national economies in the right direction only if they express as fully as possible the optimum rate of expanded reproduction in the socialist world system as a whole, and so they must be drawn up on the basis of common recognition of these rates. They must be an expression of the common solution of the chief economic problems of the whole socialist camp, especially as regards elimination of common discrepancies and narrow profiles.

The only correct approach to the coordination of prospective plans in keeping with the laws of the development of the socialist world system at its present stage consists, therefore, of the following three phases:

Phase 1) Each country should determine its requirements and its resources and the possibilities of their further use by scientific analysis.

Phase 2) On the basis of scientific analysis of these materials considered in common and of the needs and resources of the whole socialist camp by comparison with the economic condition of the mature

capitalist countries and their probable future development, to determine the common goal of the whole socialist camp as well as ways and means of securing the attainment of this goal by common forces.

Phase 3) Finally, on the basis of the agreed coordination and division of production programs--that is, on the basis of voluntarily assumed obligations, to apportion the determined tasks among the inter-related prospective plans of the various member countries.

This is the only way to guard against losses and discrepancies in the national economy and to safeguard the uninterrupted rapid development of the national economy of every individual socialist country.

It follows from what I have said that the coordinated plans should permanently eliminate discrepancies and narrow profiles and create long-term prospects for the development of the various production branches and the main objectives of the development of productive forces in the various countries, and that too from the point of view of the economic development of the whole socialist camp.

This also requires change in the method of coordination. The balance method so far in use is static and therefore permits at most only short-term and partial mitigation of some existing discrepancies but not actual and permanent elimination of them. And so instead a profound overall economic analysis is required, and scientific determination of the prospective economic development of the whole socialist camp as compared with the capitalist countries' development, for we must not for a moment forget that the main task before our countries is to reach and overtake the most advanced capitalist countries economically.

Since until recently the Council had only the standing branch committees as its auxiliary organs, purely technical points of view prevailed on these committees, and the effort to settle the material balances without regard to the effectiveness of the planned investments and actually existing resources to make them. The narrow, branch view of the proposed plans made it difficult for the Council to get the overall picture and it had to employ the above-mentioned static balance methods.

It was only the formation of the Working Group for Economic Questions that made it possible to subordinate the branch view to the overall economic picture, and in the work of the standing branch committees economic considerations prevailed over purely technical and "supplying" [Zasobovacscky] ones.

I also think the fact should be emphasized that the actually effective part of the production programs can be worked out only from the point of view of long-term prospects. The delimitation so far made

only for one five-year plan or for an even shorter period can at best merely prevent the development of further duplications but cannot really secure the planned production specialization of the various countries and their production cooperation.

Long-term production specialization then must proceed from division of labor at the stage of research and developmental work and must also depend upon coordination and delimitation of investment construction among member countries. It will therefore be necessary to go on still more energetically in the cooperation that has already been undertaken by the academies of sciences and the scientific and research institutes of the socialist countries and, in certain particularly important fields, also to proceed to the construction of joint research institutions after the pattern of the United Institute for Atomic Research.

When we speak of the necessity of putting the economic point of view above the purely technical and "supplying" one we must place special emphasis upon the necessity of paying careful attention to profitability and the various aspects of foreign trade, especially questions of price and payment balances, in determining questions of production specialization and delimitation of production programs; that is, delimitation has so far been handled chiefly in the standing branch committees, while price and payment questions were then decided afterward either bilaterally or in the Committee on Foreign Trade. Separation of the production point from the circulation point had a number of unfavorable results, if the negotiated agreements later seemed unprofitable to one of the contracting parties, who either withdrew from the agreement or considered himself injured. This was the cause of the instability of the agreements negotiated on delimitation and the country's fears of taking up consistent production specialization.

One more serious gap will also have to be filled. So far planned division of production-programs has applied only to all branches of heavy industry and to agricultural production. In view of the regular necessity of securing an increasingly rapid rate of raising their people's living standard in all the socialist countries it is seen to be necessary and advantageous to take up coordination of the development of the consumer-goods industry and services as well as division of programs in this field too, which would produce great increases of social labor also. But a somewhat different policy will have to be found than the one prevailing in the division of production programs in the branches of heavy industry. The basic policy would be that of the greatest possible expansion of the assortment of consumer goods in the whole socialist camp with substantial increase of serial production in the various countries and substantial expansion of mutual exchange of consumer goods among them. Here delimitation would hardly affect whole fields of production but would primarily affect others, as well as the types of products within each production field.

I have so far been speaking, understandably, of coordination of plans and division of production programs solely among the member countries of the Council of Mutual Economic Aid. But the basic problems of their prospective development for the next 15 or more years cannot be solved in one part alone of the socialist world system. Their development must be coordinated with the prospective development of the economy of all the other countries of the socialist world system, then particularly with the development of the economy of the great CPR, which will unquestionably play an increasingly important part in the development of the whole socialist camp in the next few years.

Finally then, in view of the brisk and constantly growing trade relations of the countries of the socialist camp with capitalist countries, these economic relations of theirs cannot be overlooked either in coordinating the socialist countries' economies. The trade of the various socialist countries with capitalist countries--that is, especially with economically underdeveloped countries and especially /sic/ with the advanced capitalist countries, must also be included in delimiting production programs and sales and resolving problems of payment balances and coordination of plans.

The effort must be made to coordinate our foreign trade policy toward these countries in such a way, for example, as to increase the effectiveness of our aid in industrializing economically underdeveloped, so-called emerging countries through coordination of credits, reciprocal supplying of these countries with delivered investment totals, coordination of purchases, etc. This coordination could also become a very effective weapon in the struggle against the exploiting policy of monopolies maintained toward the emerging countries and to gain constantly wider strata in the advanced capitalist countries for the development of mutually advantageous trade between the countries of both systems. To be sure, coordination of production and trade of the countries of the socialist camp would constitute a very powerful factor from our jointly acting countries on the capitalist world market with which the biggest international monopolies could hardly compete.

In thus raising planned socialist international division of labor to a higher level it will also be necessary to gradually intensify and improve financial relations among the socialist countries. For example, already this year the governments of the countries belonging to the Council agreed to give up the present principle of annual bilateral settlement of payment balances, which constituted a serious impediment, and develop multilateral clearing. But full implementation of this decision is still very far off and will require scientific analysis of numerous principles and forms of reciprocal financial relations that would help make of the transition to multilateral clearing an effective instrument to stimulate the further intensification of socialist international division of labor.

But it is not just questions of finance and payment that have so far been neglected and whose solutions have been shortsighted and pragmatic. The same thing is generally true of the value aspect of socialist international division of labor and especially of the most important question connected with it, the question of determination of prices on the socialist world market.

The latter is becoming at the present time one of the most pressing problems not only of the conduct of foreign trade but also of the further intensification of socialist international division of labor at the present stage of its general development, and so the science of economics is beginning to work on this problem. That this is a truly great problem is indicated by number of most varied and largely quite contradictory theories about it, which can be roughly divided into two main groups.

One of these groups maintains that prices on the socialist world market must be determined according to actual production costs in the country delivering a particular kind of goods. This means that according to these theories prices should always express the national value of the goods exported. If the national value in the delivering country is high, then the prices should also be high; if it is low, the prices should also be low. Accordingly these theories envisage an equivalence of exchange.

The exponents of these theories claim to be defenders of the interests of countries with a low level of productive forces in which goods are consequently produced with lower labor productivity and therefore have a high individual and national value. But these theories in general do not actually defend the interests of these countries but on the contrary, if put into practice, which is for the most part unlikely, would only injure these countries.

These theories are the most extensive expression of subjectivism. They do not generally take objective economic practices and their laws, especially the law of value, into account. It amounts to the same thing as demanding that each enterprise within a country be able to sell for prices corresponding to its actual production costs—that is, on the basis of individual value. In short, it is possible to require this; but no customer can be compelled to buy, at high prices from enterprises with high production costs, goods which he can buy cheaper elsewhere. Similarly no country can be compelled to buy dear what it can either buy cheaper in another country, in many instances even in a capitalist country, or can produce for itself at least at the same high production costs at home. But if a socialist country nevertheless wanted to force another socialist country into this, it would destroy the basic principle of mutual advantage and respect for each country's sovereignty, which is the expression of socialist production relationships.

Nor does this amount to equivalence of exchange, in which given goods are exchanged for a price that is the cash expression of the value, that is, the socially necessary production costs. Herein lies the function of the law of value. Just as value on the domestic market of a country cannot be identified with the individual values of the various products and their individual production costs, but represents the socially necessary production in the particular country, value on the world market cannot be identified with the national values of the individual countries but represents the production costs that are socially necessary in the sum total of the countries--that is, the world value. And prices on the world market must depend upon this world value in harmony with the law of value. If such is the case, then equivalence of exchange is maintained without regard to national values of the particular goods in the various countries. But on the other hand, if prices depended on one country's or a group of countries' national value and thereby deviated from the world value, it would be a non-equivalent exchange. In this case the principle of equivalence of exchange would be defeated.

Moreover determination of prices on the basis of national value instead of world value would result in the preservation of a low level of productive forces, technical and technological stagnation and interference with technical progress. Instead of helping in the fulfillment of the basic economic plan of the socialist countries, the prices would bring about increasingly great technical backwardness compared with the leading capitalist countries.

Prices on the socialist world market must stimulate the growth of labor productivity in harmony with the law of value and only such profitability as results from high labor productivity and not the false profitability that results from stagnation. That is to say, prices must become a powerful lever to move technical progress and economic development.

Contrasted with the above group of theories is another group based upon knowledge of objective economic processes and more or less correctly understands how the law of value should be used in the development of the national economies of the socialist countries. These theories agree in recognizing that the determination of prices on the socialist world market cannot be based on national value rather than world value. But there are in essence two views as to how this world value is to be understood.

The holders of the first of these views believe that prices on the socialist world market should reflect the socially necessary outlays within the framework of the socialist world system, and consequently, as I should call it, sort of a socialist world value. This would be correct if the socialist world system had already dominated the entire

world economy or at least a decisive part of it. But at the present time, unfortunately, such is not yet the case.

Regardless of the fact that we still cannot compare production costs among the socialist countries because of substantial differences in the system of prices and the rewarding of labor, which differ in each of our countries, we must take account of the fact there are two world systems existing alongside one another and that the socialist countries are also trading with capitalist countries and have to develop these trade relations.

In view of this it is objectively necessary in determining prices on the socialist world market to consider the actual world value, which is based upon the socially necessary production costs of those countries that are the chief deliverers of a particular kind of product, regardless of whether it is a socialist or a capitalist country. And as long as the capitalist countries predominate in world trade with a particular type of goods, then there is nothing for us to do even in determining prices on the socialist world market but consider the prices of the capitalist world market.

It is of course obvious that prices on the capitalist world market do not always express the world value: they are affected by the monopolies and the non-equivalent exchange effected by them and they are subject to very rapidly changing conjunctural fluctuations which are often caused not only by speculation and not only by economic but primarily political influences. These prices have to be purged of these conjunctural fluctuations, and the effort must be made to purge them as well of the influences brought about by the activity of capitalist monopolies, which for the most part will be very difficult.

But despite all this, at the present time, while the chief deliverers of a particular kind of goods are capitalist countries, these prices are most probably approaching the world value. No price system can be artificially set up on the socialist world market that differs entirely from world prices.

But meanwhile--and this I should like to especially emphasize--it depends solely upon the economic growth of the socialist camp, since world prices will be more affected by the socialist countries' production costs than the capitalist countries' production costs. It depends solely upon the fulfillment of the basic economic task of the countries of the socialist camp whether the value of goods produced in the socialist camp be below the national value of the same goods produced in capitalist countries. The world value, then--provided our country becomes the main world supplier of particular kinds of goods--will be determined by the socially necessary production costs of the socialist countries. Accordingly then world prices will also be determined by them. But until that

time comes to us and our country we must try to hasten it as much as possible. And the main way to do it is, again, intensification of socialist international division of labor.

But since present world prices reflect and deepen the gulf between the advanced and the economically underdeveloped countries, this circumstance must be faced so as not to hinder the development of those people's democratic countries that have inherited a lower level of productive forces. But this cannot be done, for the above-mentioned reasons, with any fundamental deviations from world prices.

I see in intensification of specialization of production in the fields most effective for a given country the only correct way, for specialization permits increased serial production, the level conditioned by it of productivity of social labor, and the profitability of production.

But intensified production specialization, which involves introduction of new kinds of production or substantial expansion of existing kinds, requires considerable material and monetary means, which is what the people's democratic countries with lower levels of productive forces lack. And so the economically more developed socialist countries must help them in this regard, in accordance with the agreed stipulations of the division of production programs--that is, with deliveries of the most modern production equipment, extension of credits and scientific and technical aid, renunciation in their favor of production of those kinds of products in which those countries are going to specialize and probably a whole series of other measures that will have to be investigated only scientifically and gradually put into practice.

I believe this is the only way to level the existing differences in the economic levels of the various socialist countries; the only correct way to secure simultaneously the rapid uninterrupted development both of all the individual countries and the socialist world system as a whole. But I consider that in view of the fact that we are already beginning to work on coordinated prospective plans for the next 15 and more years, we should already begin to consider some new forms and elements of price determination on the socialist world market.

This, as I mentioned above, is the only way to solve such a difficult problem as that of the industrialization resources of the socialist countries that now have lower levels of productive forces. The nature of socialist production relationships makes it possible and necessary to secure the full development both of countries with a high level of productive forces and those with so far underdeveloped productive forces. But at present they enjoy only a limited national income and must meanwhile safeguard, among other things, a correct proportion between accumulation and consumption and secure a permanent rise in the living standard of their people. This can be achieved, as I have said, only by a joint

effort of all the countries of the socialist camp, intensification of socialist international division of labor and aid from the economically developed socialist countries.

The inevitable result of a correctly conducted division of production programs will be priority development by countries that now have a lower level of productive forces of those fields of production for which they now have the most favorable natural and economic conditions, as well as gradual development of other fields to which their steadily growing economy will advance and the undertaking of which will be advantageous from the point of view of the development of the socialist camp as a whole. Withdrawal from these production fields will also enable countries with a higher level of productive forces to further intensify their production specialization in harmony with the onset of technical progress in the increasingly complex and difficult production fields as they increase serial production and secure its maximum profitability so that they can render still more aid to their brother countries in this way whose level of productive forces will still be lower.

Every country of the socialist camp should make the greatest possible use of its natural resources to develop its own fuel, power and raw--material base, including agriculture, as far as possible--that is, in the interest of developing its own national economy and that of the socialist camp as a whole. As long as its own means are inadequate for the purpose, it is the duty of the other socialist countries to aid it in this effort in the spirit of proletarian internationalism and in their own interest as well.

On the other hand it would be quite improper for such a country, merely because it has great natural resources, the use of which requires requires heavy long-term investments, to concentrate exclusively upon the development of heavy industry or agricultural production. The various branches of the processing industry, especially machine construction, must also be developed at the same time.

In other countries, conversely, there is a very weak raw material base for certain branches of the processing industry, both heavy, as metallurgy, heavy chemistry and heavy-machine construction, and the light and food industry. Insufficient consideration has been given this in the industrial plans of the various people's democratic countries. But today there is in principle no question that henceforth every country should develop its industrial branches primarily, for which it is to build, or relatively easily can build, its own raw-material or fuel and power base.

But the machine-construction problem is somewhat different. On the one hand it would not be right for a country without the prerequisites for building a strong metallurgy of its own to widely develop all the main fields of machine production. On the other hand, however, it would also be wrong to remain entirely without its own machine construction for lack of an adequate metallurgical base.

Every socialist country must have its own machine production, which is basic to technical progress in the whole national economy. But it should be directed primarily at such production fields as produce machinery and equipment for those branches in the development of which a particular country will specialize in view of its domestic raw material base. One example will suffice. If Rumania has in its wealth of oil and natural gas the best conditions for specializing in the development of the chemical industry, then it clearly follows that of all fields of machine production, that of chemical equipment should be primarily developed. Similar examples could be cited for every country.

Meanwhile I wish to stress the fact that with such specialization in the field of machine construction it is possible to start not only with the present situation but also from the actual prospects of each individual country's future economic development. But on the other hand there is also no question that no people's democratic country, however advanced, is able to build such machinery production as to include all production fields and the whole world's assortment of machine construction products. The countries of the socialist camp must jointly secure this whole world assortment by production specialization and cooperation, which can be done with the exception of certain special machinery and equipment that are not all indispensable to the preservation of their economic independence.

But reciprocal coordinated production specialization is a prerequisite for the more rapid development not only of countries with a lower level of productive forces but also of socialist countries that are today already economically advanced, for it eliminates useless duplication and helps increase serial production and thereby also labor productivity. Experience has shown, on the example of both socialist and capitalist countries, that the more advanced industry a country has the more specialized it is and the more it participates in international division of labor. This rule is best exemplified in our camp by Czechoslovakia and the GDR.

And so only substantial intensification of production specialization and cooperation between the two groups of socialist countries and within these groups results in steadily increased volume and expansion of the structure of their reciprocal foreign trade and consequently also to the steady development of socialist world trade as a whole.

The possibilities for developing their economic relations with other, whether economically underdeveloped or advanced capitalist countries will also be improved by securing steady planned development of production and expansion of its structure in the socialist countries. The planned developing economy of the socialist countries is an increasingly extensive material base to help the industrialization of the nationally independent countries of Asia, Africa and Latin American even more

extensively than so far and to help develop mutually advantageous foreign trade with the advanced capitalist countries, especially of Western Europe.

The stronger the economy of the socialist countries becomes and the faster planned securing of optimum rates of expanded reproduction develops in the whole socialist world system, the more patent are the absurdity of the policy of economic discrimination and embargo and the harm it does to the capitalist countries, and the more attractive to them reciprocal economic relations with the socialist countries become, and the more the policies of cold war and "from a position of strength" will be weakened in this way and the more energetically will the policies of peaceful economic competition and peaceful economic cooperation among the countries of both systems be pursued.

Creation of an overall multilateral international division of labor, with strict maintenance of the principles of the advantage of all parties, mutual aid and state sovereignty is an enormous task as yet unprecedented in history, the mere outlining of which was made possible only by the rise of the socialist world system. But the path to fulfillment of this task—as events from the past have also shown—will take much time and unremitting effort. It is therefore proper to supplement these multilateral agreements and so also prepare the ground for their further intensification and improvement by concluding more detailed bilateral or several-sided agreements on the division of production programs and direct production cooperation among the individual socialist countries, entirely on the basis of the fundamental directives received by the Council of Mutual Economic Aid.

For this reason our government proceeded to take up the questions of widest possible production cooperation and the closest possible production reciprocity between our industry and Soviet industry, in accordance with the joint Czechoslovakian-Soviet declaration of 29 January 1957 and the fundamental fact that the Soviet Union, the first country of socialism, is the economic and political center of the entire socialist camp. This direct production cooperation is a further intensification of the basic line of our foreign policy of the closest cooperation with the USSR. Our analogous bilateral negotiations with the other people's democratic countries will then be covered by it.

But only multilateral coordination, which is the highest form of socialist international division of labor and also is most in accord with the developmental laws of the socialist world system and the present world level of productive forces, can secure the uninterrupted, rapid development of the socialist world system and its unified material production base.

The development of the socialist world system aims toward the constantly closer reciprocal economic association of all the countries of the socialist camp and the creation of a uniform material production

base for the whole socialist world system. It is accordingly necessary to preclude the possible formation of any closed economic areas within the socialist world system and to prevent bilateral agreements on division of production programs from hampering efforts to carry out multilateral coordination, but see that they conform everywhere to the aims determined by it and supplement and intensify it alone.

I have already pointed out that none of the people's democratic countries except the CPR is in a position to build itself a complete industrial system, and thanks to the socialist world system it does not even have to try to.

But neither could all the European people's democratic countries together create a complete industrial system. They do not have enough of certain basic raw materials as iron ore and others needed in metallurgy as alloy components and non-ferrous metals, certain chemical raw materials, including liquid fuels, and textile raw materials, mainly cotton and wool. They are not and will not be capable for several years of meeting their requirements of agricultural products, especially of grains, from their own production. But that is not all.

Not even at peak use of Czechoslovakia's and the GDR's machine-construction capacities and the machinery construction of the other European people's democratic countries, even allowing for further building of new capacities, can these countries secure their requirements in industrialization and technical development with the needed quantity and assortment of machinery, instruments and production equipment. The people's democratic countries with less developed machine construction require constant and extensive importation of machinery and equipment, mostly on temporary credit, only part of which Czechoslovakia and the GDR can supply them, or in the case of certain types other people's democratic countries as well, and most of the machinery and equipment is supplied to each of them by the USSR. And countries with developed machine construction must, in the interest of securing technical progress as well as the profitability of production and foreign trade, constantly intensify their production specialization, and that too on the basis of production cooperation with the USSR.

As regards the CPR, there is no question that its bold industrialization plans whose implementation means a huge effort on the part of the entire socialist camp would be impossible without great unselfish aid from the USSR and, within the limits of their capacities, the European people's democratic countries as well. This then applies to the other small Asiatic people's democratic countries to a greater degree.

And the USSR, the first country of socialism, is affording tremendous aid to the other socialist countries. Without its help and without attachment to its highly developed economy and its advanced

science and technology, it would be absolutely unthinkable for any of the other countries of the whole socialist camp to advance to the use of atomic energy and thus align itself in the first ranks of the achievement of the new technical revolution.

It is of course essential for the economies of the various people's democratic countries to be related as closely as possible and to develop together. Intensification of the division of production programs among the various people's democratic countries will open up vast unused reserves of increased productivity of social labor and increased profitability of production. But it will never be able to take in all production, but everywhere only certain production sectors. It comprises only the essential and very advantageous supplementing and improvement of the division of production programs in the entire socialist camp, whose economic development must be centrally directed through the voluntarily coordinated national economic plans of all member countries.

Economic development at the present stage is objectively aimed toward the continual consolidation of a single great economic unit--the socialist world system and its unified material production base. The USSR, the first socialist country of the world, is the center of this unit, and the socialist world system itself is the center of the future unified socialist and communist world economy.

And so any efforts that may be made to form certain closed economic units within the socialist camp without unified overall coordination would mean retarding the rate of economic development of the whole socialist camp and the individual socialist countries, disrupting the objective rates of expanded reproduction in the entire socialist world system, detracting from the fulfillment of the fundamental economic task, and deferring the time when the socialist camp as a whole will economically overtake the most advanced capitalist countries. It would mean weakening the unity of the socialist camp not only economically but also politically, contributing to the bourgeois nationalist trend and thus delaying the victory of socialism over capitalism on a world-wide scale.

For the intensification of socialist international division of labor is a realization of the principle of proletarian internationalism in the economic field, and the political unity of the countries of the socialist camp can firmly depend solely upon their economic unity. And on the other hand the validation of proletarian internationalism in the political field contributes to the successful resolution as well of the various inevitably arising partial and temporary economic conflicts among the socialist countries.

In other words it is necessary to reckon realistically with the fact that the economic welding of the socialist camp on the basis of intensification of socialist international division of labor will not be any

automatic or smooth, entirely harmonious process. Various partial and temporary economic conflicts will appear everywhere among the socialist countries resulting from the various levels of productive forces and socialist consciousness and the various theoretical and practical approaches to the solution of the various current problems.

It is not a question here and it will never be a question of antagonistic conflicts such as the capitalist world system produces. These conflicts must be regarded as a certain kind of conflict within a people. Even if they differ somewhat from the conflicts within a people arising in the framework of various national units, they have the basic feature in common with them that they are not antagonistic conflicts and that they can always be resolved with the correct policy, based on the principle of proletarian internationalism, in the direction of further progress toward socialism and communism.

And here, in this area, Lenin's concept of the priority of politics over economics fully applies: the solution of economic problems must always be approached from the political point of view, the Party point of view--that is, from the point of view of the long-term interest of the international working class.

The rise of the socialist world system immensely enlarged the function of the subjective factor in historical development, especially that of the communist and workers' parties as the leading political forces in all socialist countries, as well as the function of science and socialist consciousness of the broadest working masses. Socialism permits the use of economic laws for the benefit of society, but this requires conscious activity on the part of the people, which is the more successful the more it depends upon scientific knowledge.

Let us just consider what it means to work out the coordinated prospective plan of national economic development, up to 1975. To be sure there are plans for the period in which our government and the other fraternal countries will pass beside the USSR into the stage of transition from socialism to communism! But for these prospective plans to lead us correctly on the most direct route to communism, a great deal of scientific imagination is needed, entirely based upon strictly scientific analysis of the whole immensely complex development of nature and society and scientific generalization of the conclusions from this analysis.

Such huge tasks can be accomplished only if economists collaborate with scientists from other fields, and especially economists of all socialist countries, in their resolution.

To be sure the rise of the socialist world system and the need of conscious application of the economic laws operative in it vastly increased the importance of Marxist-Leninist political economy. There

arose the entirely new field of the political economy of socialism, the aim of which is investigation of the developmental laws of the socialist world system and socialist international division of labor. And the political economy of socialism itself cannot generalize solely from studies of the economic development of any one country but must investigate the economy of every socialist country just as an integral part of a great whole, the world economic system of socialism.

One must know how to distinguish the general, as a law valid for the economic development of all socialist countries, from the specific, valid only for the concrete conditions of a particular country or for a concrete historical situation, and how to determine the mutual relationships accurately between the general and the specific. This will be the only way to perform the chief task, that of providing reliable theoretical bases for the activity of communist and workers' parties and the administrative organs of socialist states and for propaganda aimed toward increasing the socialist consciousness of the broadest masses of workers, in whose hands lies the realization of socialist international division of labor and the development of the whole socialist world system.

The development of the socialist world system faces the economists of all socialist countries with the accelerated development of investigation of the problems of socialist international division of labor, as one of their foremost and most leading tasks, from the point of view of each country's function in it, and the concentration of all their efforts upon joint investigation of their laws and the most suitable forms of their implementation. The best way to do this will be to attach the appropriate scientific laboratories to the Council of Mutual Economic Aid, to its standing branch committees and especially to its newly established Working Group for Economic Questions.

As another future step I think it would be expedient to consider foundation of a United Institute for Research on Problems of the Development of the Socialist World System and Socialist International Division of Labor, on the model of the United Institute for Atomic Research.

For socialist international division of labor is the chief way to fulfillment of the basic economic task of the socialist countries and to securing the uninterrupted prosperity of the economy of each of them as well as the living standard of their people. It is the chief way to consolidation of the socialist world system in its peaceful economic competition with the capitalist world system, to reinforcement of the unity of the socialist camp and to the final victory of socialism over capitalism on a world-wide scale.

CLOSING SPEECH OF THE DIRECTOR OF THE ECONOMIC INSTITUTE
OF THE CSAV

/Československa Akademie Ved-- The Czechoslovakian Academy of Sciences/
Dr. Valdimir Kaigl.

The discussion at our conference has considerably enriched the report. I think I may say that it followed from the discussion that the conference expressed entire agreement with the overall aim and the main theses of the report. Varying views were of course expressed on certain open and controversial questions, of which there were enough in the report. I think there were still many more open and controversial questions in the report. It is a pity that they were not all discussed, as it would be still more helpful to us in our daily work. Of course the opportunity for this is far from ended by the close of the conference. On the contrary, our conference will be published in a collected volume that will contain the report and the contributions in discussion, and the discussion can then be continued on the basis of the printed materials. And it goes without saying that in the course of further treatment of the various problems of socialist international division of labor we shall discuss each in detail.

In this conclusion I shall take a stand on certain very important problems that came up in the discussion. Comrade Machova contributed a very valuable supplement to the report. I have this question in mind: in the report I concerned myself with the relationship between groups I and II and tried to show how Marx's and Lenin's concept of expanded reproduction should be applied in the European people's democratic countries. Comrade Machova very correctly called attention to another aspect of this problem. She said that the rule of the priority growth of group I often was misrepresented in that it was understood only as the necessity of priority growth of production of production tools and that the need was thereby overlooked of the correct rate of production of production tools and of production of working objects. The practical result of this misunderstanding of the law of priority growth of group I has been that in all European people's democratic countries a corresponding discrepancy has arisen between the processing industry, especially machine construction, on the one hand and its fuel, raw-material and power base on the other, that despite the relatively rapid rate of growth of the chemical industry we can nevertheless affirm that the importance of the chemical industry has been neglected--this, one the most modern branches of industrial production today. And similarly it can be said that this misunderstanding of the law of priority growth of group I was also a factor in the neglect of the growth of international division of labor in the years before 1953. It is therefore necessary to treat both the basic laws of expanded socialist reproduction, especially the relationship between groups I and II, and also the problems of the optimum rates within group I itself

as well as within group A of industry--that is, industrial production of production means, generally and specifically for each country of the socialist camp and for the camp as a whole.

We differed with Comrade Cerniansky's understanding of the nature of international division of labor. I don't think this difference is particularly vital anyway. Comrade Cerniansky distinguishes the general and the specific and said that Ricardo correctly expressed the general--that is, that in international division of labor it is a question of conservation of labor, but that he misrepresented the specific--that is, that capitalist international division of labor does not bring about the most effective division of labor. I also distinguish the general and specific, but somewhat differently. I said that the law of economy of time as a general economic law operative in all socio-economic formations actually consists in the principle of the process of international division of labor and social division of labor in general, but the reason international division of labor is implemented on the basis of the operation of this general law of the economy of time is determined by the particular production relationships, and that it results from the operation of specific economic laws for the particular mode of production. I understand this relationship between the general and specific in this sense.

Most of the discussion was concentrated on the problem of the operation of the law of value on the socialist world market and the determination of prices on this market. On the whole we also heard here views more or less representative of all the groups of theories of which I spoke in the report.

For example, Comrade Sorokin thinks it is necessary to distinguish two world prices, socialist and capitalist. Comrade Anghel thinks that maintenance of world prices in the sense of capitalist world prices would injure the development of the underdeveloped people's democratic countries. Comrade Machova also spoke of this in part.

I should like to stress here what I said in the report, that world prices are affected by the production outlays of the chief supplying countries of a particular kind of products, whether it is a capitalist country or a socialist one. When I speak of world prices I do not have expressly in mind just the world prices of the capitalist world market, but those world prices that are determined by the action of countries of both world systems and their functioning as suppliers on the world market.

Comrade Morgenstern agreed with me in principle. He mentioned only that in building certain new kinds of production it is difficult to achieve the world level of production outlays at once, which is quite true. And he also mentioned that political points of view must sometimes prevail

over economic ones, including for example, such a view as that of securing full use of the manpower of a particular country, and sometimes even a strategic point of view must prevail. With this I quite agree. Although I did not speak of it in the report, I considered it obvious; I was treating only of economic views, but it is evident that especially in the present time of the existence of two opposing world systems very often political and directly strategic views must prevail over economic ones, even if we may never also give up consideration of economic points of view.

For the rest, I agree with the expositions of Comrades Mervart and Tauchman on this question. Yet we cannot contemplate establishing any special price on the socialist world market either, when we haven't even clarified the determination of prices on the domestic market as yet, or the determination of prices under socialism in general. And we must reckon with the fact that there is no Great Wall of China between the countries of the two systems, for they have constantly been developing reciprocal economic relations.

Of course that very important problem remains of how to help a country, especially a people's democratic country, that has inherited a lower level of productive forces, over that period between the introduction of new production and the time when that production becomes profitable, when it achieves the world level of production outlays. I think from now on that this problem cannot be solved through any price adjusting for all the reasons I mentioned in the report, especially the reason that it would impede technical development. But besides this, any such artificial determination of prices would artificially provoke conflicts among the socialist countries, when each of the partners would then feel somehow cheated and we should be reduced to purely subjectivistic price determination on a basis of who guesses more. That is why we have a whole series of effective means to solve this problem of how to help countries introduce new kinds of production: scientific and technical aid, deliveries of the most effective production equipment and credit as well. From this point of view I consider it a very interesting idea that Comrade Professor Anghel expressed on the formation of some common investment fund, either for the countries belonging to the Council of Mutual Economic Aid or for all the socialist countries. I think it would be profitable to discuss this interesting idea as soon as possible both theoretically and practically.

It is of course necessary to agree with the demand that in effecting socialist international division of labor, the material balances should always be reconciled with the payment balances, as for example Comrade Goncol required. Of course the only way to do this is by intensifying expedient specialization and division of production programs.

I consider it impossible to oppose socialist international division of labor to the law of value, as was done in some of the contributions to the discussion. Socialist international division of labor, as I have tried to define it, represents planned formation of objectively determined optimum rates of expanded reproduction in the whole socialist world system and in its unified material production base through use of the law of value and value categories on the basis of the most effective use of all natural and economic conditions of the individual socialist countries. And within a country it would be incorrect and undialectical to oppose the law of planned, proportional development to the law of value, but it is necessary to investigate how these laws affect one another's operation, how society is to secure by its activity the optimum proportions in the use of the value categories and the use of economic levers, and how we are attempting it for example now in the all-national discussion on new management methods in our industry. By the same token then, as far as socialist international division of labor is concerned, it is not possible either to oppose this division of labor, understood possibly only as a mere securing of material proportions, to the law of value. Here one must know how to coordinate both the law of planned proportional development and the law of value in their operation in the whole socialist world system. And so I did not mean point 53 in the theses at all in the sense of any absolutizing of the law of value as Comrade Morgenstern thought. The problem in this point is what the various countries are to specialize in in their production. What I meant was, specialization must be helped to secure the most advantageous proportions—that is, in the use of value categories, including prices on the socialist world market.

Some comrades in their contributions to the discussion referred to other important factors that should be discussed, as for example the problem of determining the living standard, which in general comes under the idea of the living standard and how to compare it among the various socialist countries, as Comrade Stadnik said about it. Or there is the question here of what principles of production specialization are to be worked out in the various branches, which will certainly be distinguished to a certain extent according to the branch and also according to the specific conditions of the various countries, as Comrades Morgenstern, Stefka and Dittert said very convincingly about it here. This question is both a theoretical, and it is the theoreticians who must help work out these principles, and obviously also a very weighty, long-term, practical question, most important economically.

Another problem brought up here is an important one I did not mention in the report—that is, the importance of transport in socialist international division of labor, as Comrade Hospodka said about it.

Also it is impossible to be limited to the operation of the law of value alone in investigating the determination of prices on the socialist world market; intensive study is also required of credit and payment

questions, and questions of the courses of exchange of socialist currencies, all of which in their present state are hindering the further development of socialist international division of labor.

And so Comrade Cerniansky and other comrades were correct in pointing out, in agreement with my report, that the present level of international division of labor in the socialist world system is unaccountably low, and that it is lower than it might be even under the present circumstances, to say nothing of what it might be if the possibilities offered by the socialist world system were fully used. The chief task of the workers in theory and practice is to eliminate this backwardness and make full use of all the possibilities afforded by the present stage that the development of the socialist world system has already reached.

The report and discussions have indicated a number of problems that the report for the time being brought up only in very general terms and tried to give a preliminary general solution or in some cases just an approach to the solution of these problems. The workers' attention will now have to be concentrated upon the most important of these problems. To secure really prompt treatment of these very pressing problems, it is important to coordinate economic research on the problems of international division of labor within our country far better than it has been so far. Here the importance of the state plan of standard research projects is particularly evident to us, where, as far as the economic sciences are concerned, one of its chief objectives is socialist division of labor, in which this year under the coordinating administration of our institute only the first steps, I should say, have been taken to secure coordinated overall research on these problems. I think we shall have to unite the forces of all our economic institutions far more yet and group and distribute these forces according to the requirements of this research, so that we may be capable of definitive solution of such extensive problems in all their complexity according to the principle of the main article.

And in this connection the great importance also appears of approaching the coordination of research on the problems of socialist international division of labor in the whole socialist camp, as all our guests from the other socialist countries have unanimously advocated. The importance of the prepared coordinating conference of the economic institutions of the academies of sciences of all the socialist countries, to be held next year in Prague, is evident in this connection. We should not only be prepared ourselves, but it will be well if our comrades from the other socialist countries will prepare themselves, so that we do not have to speak alone at this coordinating council, as it would be well and important to initiate cooperation on these problems, so that we may appear with specific plans and reach agreement as to how we are then going to cooperate, on what problems, how we shall distribute our forces, by what forms we shall secure this cooperation and how we shall then discuss together the results of this research work and place them before the public.

I think the chief contribution of our conference is that it has pointed up socialist international division of labor in its whole wider significance, it has shown that it is the most important feature of the newly arisen and rapidly developing socialist world system, and it has also shown that the practical workers, who are making this socialist international division of labor already and must secure it every day, have not so far been able to depend upon adequate theoretical treatment of these problems. This is, on the one hand, understandable on the ground that some experience had to be gathered from practice first to make it possible to proceed to theoretical generalization. Of course this situation has already come about today and we shall have to secure this theoretical generalization as widely as possible. The conference has consequently shown the need of joining our forces to solve all the theoretical and practical questions of the socialist international division of labor.

There are truly enormous problems facing us, which have already partially appeared to us here in their magnitude. These problems are not only attractive to every scientific worker because of their complexity and novelty, but they are also important to us because through their solution we can make a truly important contribution to shortening the time as far as possible when the basic economic task will be fulfilled in the countries of the socialist camp, because we can make an important contribution to the further cohesion of the socialist camp, that decisive force in the whole modern world, and because we can make a truly important contribution to the great cause of the victory of socialism over capitalism.

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